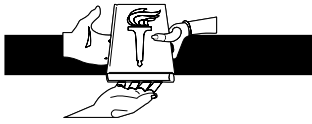




SECTION 3

How Will OFM Use This Information?

3.1 How will OFM use planning and performance information?



How will OFM use the Budget Jump Start information?

We hope the Budget Jump Start will help us:

- Š Preview budget or operational changes agencies might want to make next biennium to meet performance expectations. Do you anticipate modifications to strategies, performance measures, or performance targets next biennium?
- Š Learn what changes agencies are seeing in their external environment, or in budget drivers, like mandatory caseload or enrollment, and how those factors might affect their budget request.
- Š Assess how the agreed-upon strategies of the 2001-03 budget are succeeding. Are you achieving the performance you wanted? If not, why? What adjustments have you made to date?
- Š Take the opportunity to learn and to offer suggestions to agencies as they develop their budget proposals.
- Š Identify emerging issues that cut across multiple agencies.
- Š Help plan a statewide strategy for fiscal and policy priorities in the ensuing biennium.

Budget categories help OFM understand key factors

As part of analyzing budget proposals, OFM and legislative fiscal staff need to identify certain categories of expenditure changes from the current biennium level.

Carry-Forward Level - How much of the budget proposal is the biennialized cost of continuing the workload or services already authorized through legislative budget decisions? (OFM determines the carry-forward level and communicates the dollar amount to agencies as soon as possible after final adjustments for the 2002 supplemental budget.)

Maintenance Level - How much of the budget proposal is the cost of additional mandatory caseload, enrollment, inflation, and other legally unavoidable costs not contemplated in the current budget?

Policy and Performance Changes - What other expenditure change proposals are contained in the agency request budget?

How will OFM use plans and performance in analyzing carry-forward and maintenance levels?

The strategic plan should provide a clear picture of what the agency believes it needs to do to achieve its goals within identified constraints. It should tell the story upon which the financial plan is based. OFM analysts will compare the budget proposal with the strategic plan and try to answer the following questions:

- Š What is the agency required by statute to do?
- Š How will the agency know when it's been successful?
- Š What performance is the agency achieving with the current funding levels?
- Š What progress is the agency making toward its performance targets with its current budget? Do the current strategies appear to be effective?
- Š What changes in the external environment and customer characteristics are affecting the budget? Are caseloads and demands for services likely to change? Why?
- Š If the agency funding levels remained the same, would you be able to maintain or increase your performance?
- Š What is the performance impact of potential maintenance level funding reductions?

How will OFM use the strategic plan and performance measure information in analyzing policy and performance changes?

OFM will be looking to see if the strategic plan, the budget proposal description, and the proposed performance measures make the business case for any requested financial change. The information should help us answer the following questions:

- Š What changes in external environment, customer characteristics, internal capacity, or risks are driving this request? Has the agency clearly, explicitly, and with supporting data shown that a problem exists that needs solving?
- Š What policy decisions are driving the request?
- Š How does the proposal link to the strategic plan or other relevant policy direction?
- Š Does the budget proposal make sense in the context of the plan, the balanced scorecard, and performance measures?
- Š What is the priority of this proposed change compared to other proposed changes? What are the policy tradeoffs implied by this prioritization?

- Š How will this proposal affect other programs, agencies, and major partners? Have they been included in the development of this proposal?
- Š How does this proposal affect or relate to Governor's request legislation?
- Š What data can the agency supply to show that the proposed solution will be effective? Can it be tracked as a performance measure?
- Š Does the projected performance return for this proposed investment seem feasible? Does it seem compelling?
- Š How will this proposal enhance agency efficiency?
- Š Why this option and not others? What evaluation process led to this solution? Do you have outcome data to support your assessment? What else, besides requesting a funding change, has the agency done to address the perceived problem?
- Š If not funded, would you decide not to proceed or would you reprogram other resources?
- Š Why is this change presented as an incremental increase instead of a reprioritization within the base?
- Š Will your program choices require changes in your current facilities? What kind of changes? Over what period of time? How can these costs be minimized over this period?
- Š What is the performance impact of potential performance level funding reductions or program elimination?

3.2 Some benefits of using performance and planning in budgeting



Your budget proposals will be more understandable and persuasive

Of course, performance and planning information are not the only basis for budget decisions. Other important criteria, like the financial realities of revenue constraints or competing needs, must also be considered. In times of financial constraint, it is especially critical that proposals be clear, convincing, and grounded in the agency strategic plan.

The best budget proposals are persuasive not only at the agency level but within the broader statewide context that OFM and the Legislature must consider in making decisions. Proposals that can discuss the value and benefits of the outcomes they intend to deliver to the state will make a stronger case.

Reduces the need for follow-up information and rework.

We've learned that agencies often find the timing and scope of our requests for follow-up information on agency budget proposals to be a major source of frustration. Our hope is that by doing a better job of letting you know the type of information we need early on, we'll reduce the need for extensive follow-up information in the fall.

Section 3.1 lists many of the questions OFM analysts must ask and answer in the course of their budget reviews. Good planning and performance information should provide most of the answers to these questions.